

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL & GAS

SEAN PARNELL, GOVERNOR

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CERTIFIED MAIL
RETURN RECEIPT REQUESTED

September 13, 2010

Amy Frankenburg
BP GPMA Resource Manager
BP Exploration (Alaska) Inc.
P.O. Box 196612
Anchorage, AK 99519-6612

Re: Prudhoe Bay Unit, Combined Niakuk Participating Area Contraction Extension Approval

Dear Ms. Frankenburg:

By letter dated May 28, 2010, BP Exploration (Alaska) Inc. (BP) requested an extension to the Combined Niakuk Participating Area (CNPA) contraction date. The Division approved the combination of the Niakuk and West Niakuk Participating Areas into the CNPA in its December 21, 2007 Amended Findings and Decision, effective date of January 1, 2008. The approval is contingent on the drilling, testing, and certification of a well that penetrates the Kuparuk River Sandstone within NE1/4, S1/2SE1/4 Section 21 (Township 12 North, Range 15 East, Umiat Meridian) of Lease ADL 34626 on or before three years from the effective date.

The contraction of the NE1/4, N1/2SE1/4 Section 21 of ADL 34626 is an administrative contraction for the CNPA, only. It will have no affect on the Prudhoe Bay Unit (PBU) boundary, or the expiration of ADL 34626, as a significant portion of the lease resides within the PBU and is held by production. BP requests that the well obligations and the contraction date be extended to June 30, 2014, consistent with the date set for leases ADL 34625, 390314, and 391381 that were recently added to the PBU as part of the June 30, 2009 PBU Expansion Area #3. Setting a common contraction date will allow the Working Interest Owners to properly prioritize and schedule drilling from the seasonally constrained Niakuk Pad to fulfill obligation on each of those leases.

I find that the request for extensions of the well obligations and the CNPA contraction as described above are advisable to protect the interest of all parties under 11 AAC 83.303 and I approve the extensions to June 30, 2014.

A person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of "issuance" of this decision, as defined in 11 AAC 02.040 (c) and (d), and may be mailed or delivered to Tom Irwin, Commissioner, DNR, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to (907) 269-8918, or sent by electronic mail to dnr.appeals@alaska.gov. This decision takes effect immediately. An eligible person must first appeal this

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decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

Sincerely,



Kevin R. Banks
Director

Cc: Jeff Landry, DOL
Cammy Taylor, DOG
Meg Kremer, DOG
Paul Anderson, DOG
Jane Williamson, DOG
Terry Peterson, DOG
Patricia Bettis, DOG